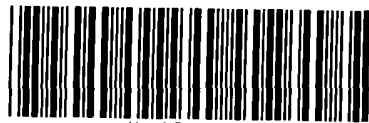


Registered Number 09223079

THISTLE INVESTMENTS (ERM) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

FRIDAY



L69OWIMW

LD6

30/06/2017

#244

COMPANIES HOUSE

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

DIRECTORS AND COMPANY INFORMATION

DIRECTORS

Claudia Wallace
Intertrust Directors 1 Limited
Intertrust Directors 2 Limited

COMPANY SECRETARY

Intertrust Corporate Services Limited

REGISTERED OFFICE

35 Great St. Helen's,
London, EC3A 6AP

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Hays Galleria
1 Hays Lane
London, SE1 2RD

BANKERS

Bank of Scotland plc
The Mound
Edinburgh, EH1 1YZ

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

CONTENTS

	Page
Strategic Report	3
Directors' Report	5
Independent Auditors' Report	8
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Cash flow Statement	13
Notes to the Financial Statements	14

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

STRATEGIC REPORT

For the year ended 31 December 2016

The Directors present their strategic report together with the audited financial statements of Thistle Investments (ERM) Limited (the "Company") for the year ended 31 December 2016.

INCORPORATION AND PRINCIPAL ACTIVITIES

The Company, a private limited company registered in England and Wales, was incorporated on 17 September 2014 and established as a special purpose vehicle whose principal activity was the acquisition and securitisation of a portfolio of fixed rate loans from Scottish Widows Bank's (SWB) equity release mortgage portfolio secured on residential properties located in England, Wales, Northern Ireland and Scotland (the "ERM Portfolio").

Equity release mortgages allow a homeowner to receive a lump sum in return for a mortgage secured on their house. Interest is capitalised onto the loan, and the loan and accrued interest are repayable at redemption (upon death or moving into long-term care or early repayment). The mortgages have a No-negative-equity guarantee ("NNEG") which is discussed further in Note 1.

On 24 March 2015, the Company issued two tranches of notes to the amount of £226,000,000; the Class A Notes with a maturity date due March 2036 (the "Class A Notes") and Class B Notes with a maturity date due March 2070 (the "Class B Notes") to Scottish Widows plc (subsequently renamed to SW Funding plc) and Scottish Widows Group Limited and used the proceeds to acquire the ERM Portfolio. The Class B Notes were subsequently sold to Scottish Widows plc. All assets and liabilities of Scottish Widows plc were subsequently transferred to Scottish Widows Limited (the "Noteholder") who holds both the Class A and Class B notes.

The Class A Notes pay a return based on a fixed schedule of cashflows. The Class B Notes entitle the holder to residual cash in accordance with the detailed priority of payments set out in the Transaction Documentation.

The activities of the Company are conducted primarily by reference to a series of securitisation transaction documents (the "Transaction Documentation"). The Transaction Documentation set out the workings of the transaction and the principal risks to the Noteholder. As such, these have not been reproduced in full in the financial statements.

RESULTS AND DIVIDEND

The results for the year are set out on page 10. The profit after taxation for the year amounted to £9,397,883 (2015:£1,154,000). The Directors do not recommend the payment of a dividend for the current year.

Profits on a cash flow basis are pre-determined under the Transaction Documentation. The Company has the right to a profit before tax of £5,040 for the financial year covered by this set of financial statements. Any accumulated profit or loss exceeding the predetermined amount would be expected to reduce over the life of the transaction due to the pass-through nature of the vehicle.

The Company's tax charge is based on the permanent tax regime for securitisation companies.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Three write offs to the amount of £40,422 were recommended by Scottish Widows Bank in their capacity as loan servicer. All cases were written off under the NNEG Guarantee.

No further loans have been transferred into the ERM portfolio. However, under the terms of the loans made to the borrowers they can request further advances. Further advances of £327,808 were made during 2016.

The Notes will be redeemed in accordance with the Priority of Payments, outlined in the Transaction Documentation.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

STRATEGIC REPORT (CONTINUED)

For the year ended 31 December 2016

KEY PERFORMANCE INDICATORS ("KPIs")

The Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance and position of the Company. However, a defined set of KPIs for the securitisation transaction are set out in the Transaction Documentation and published as a monthly investor report.

Performance against the KPIs include the repayment of the loans within the ERM portfolio, the current Loan to Value of the loans using current indexed property values and any losses on the portfolio.

On behalf of the Board



.....
Helena Whitaker
Per pro Intertrust Directors 1 Limited
As Director
29 June 2017

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

DIRECTORS' REPORT

For the year ended 31 December 2016

The Directors present their annual report and the audited financial statements for the Company for the year ended 31 December 2016.

GOING CONCERN

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent on the extent that it receives the amounts due on the mortgage loans. The Noteholder has no further recourse to the Company should the receipts on the mortgage loans be insufficient to meet these obligations.

After considering the above, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

FUTURE DEVELOPMENTS

An indication of the Company's likely future developments is included in the Strategic Report.

DIRECTORS

The directors of the Company during the year and up to the date of signing of the financial statements were as follows:

Claudia Wallace

Intertrust Directors 1 Limited (previously known as SFM Directors Limited, name changed on 9 December 2016)

Intertrust Directors 2 Limited (previously known as SFM Directors (No.2) Limited, name changed on 9 December 2016)

None of the Directors has any interest in any material contract or arrangement with the Company either during or at the end of the year.

COMPANY SECRETARY

Intertrust Corporate Services Limited (previously known as SFM Corporate Services Limited, name changed on 9 December 2016) served during the year ended 31 December 2016 and up to the date of signing of the financial statements.

THIRD PARTY INDEMNITIES

Qualifying third party indemnity provisions for the benefit of the Directors were in force during the year under review and remain in force as at the date of approval of the Annual Report and Financial Statements.

ISSUE OF SHARES

The issued share capital consists of 1 fully paid ordinary share of £1.

RISK MANAGEMENT

The majority of the Company's assets and liabilities have been classified as financial instruments in accordance with IAS 32 "Financial Instruments: Presentation". The Company's financial instruments comprise cash and cash equivalents, loans and advances to customers and notes issued and various other receivables and payables. The principal risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and operational risk. These and other risks that may affect the Company's performance are detailed below. Further analysis of the risks facing the Company in relation to its financial instruments and the Company's financial risk management policies is provided in note 13.

CREDIT RISK

Credit risk arises on the individual loans within the loan portfolio which are in turn secured on UK residential property. The performance of these loans is therefore influenced by the UK economic environment.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2016

LIQUIDITY RISK

The ability of the Company to meet its obligations to make principal and interest payments on the Notes and to meet its operating and administrative expenses is dependent on the amount and timing of the interest and principal repayments on the loans.

In the event that sufficient funds are not available to redeem the Notes or make the interest payments due, an amount equal to such a shortfall will be deferred until such funds are received. A liquidity facility is also available for the life of the Class A Notes to cover short term cashflow timing differences.

An optional redemption in full or in part is available to the Company should it wish to repay any of the Notes earlier than the expected maturity date subject to the agreement of the Noteholders. The Noteholder must be informed by giving not more than 60 or less than 5 days' notice.

INTEREST RATE RISK

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of assets and liabilities are similar. Accordingly the Company does not have any significant interest rate exposures.

OPERATIONAL RISK

The Company is also exposed to operational risks through a number of contracts with third parties who have agreed to provide operational support to the Company in accordance with the Transaction Documentation. Intertrust Management Limited (previously known as Structured Finance Management Limited, name changed on 9 December 2016) has been appointed to provide corporate services in accordance with a corporate services agreement. The following appointments have been made on behalf of the Company, Scottish Widows Bank to act as loan servicer and Bank of Scotland as cash manager and account bank.

BUSINESS RISKS

The principal business risks of the Company are set out in a number of asset and non-asset trigger events in the Transaction Documentation.

There have been no such trigger events since inception of the transaction. The Directors continue to actively monitor the Company for trigger events.

EMPLOYEES

The Company employed no staff during the year ended 31 December 2016 (2015: nil).

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS

The auditor, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office. Pursuant to section 487 of the Companies Act 2006, PricewaterhouseCoopers LLP, subject to any resolution to the contrary, are deemed to have been re-appointed as auditor of the Company.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are each aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have each taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418(2) of the Companies Act 2006.

On behalf of the Board



.....
Helena Whitaker
Per pro Intertrust Directors I Limited
As Director
29 June 2017

Independent auditors' report to the members of Thistle Investments (ERM) Limited

Report on the financial statements

Our opinion

In our opinion, Thistle Investments (ERM) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Jonathan Hinchliffe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

29 June 2017

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

		2016	Period ended 31 December 2015
	Notes	£'000	£'000
Interest and similar income	2	13,270	10,615
Interest and similar expense	3	<u>(3,071)</u>	<u>(8,828)</u>
Net interest income		10,199	1,787
Operating income	4	65	45
Operating expenses	5	(825)	(678)
Impairment	7	<u>(40)</u>	-
Profit before tax for the year/period		9,399	1,154
Taxation	6	<u>(1)</u>	<u>(1)</u>
Profit and total comprehensive income for the year/period		<u>9,398</u>	<u>1,153</u>

There are no items of comprehensive income which have not already been presented in arriving at the profit for the year. Accordingly, the profit for the year is the same as total comprehensive income for the year.

The profit shown above is derived from continuing operations. The Company operates in a single business segment and all of the Company's activities are in the UK.

There was no income or expense recognised directly in equity in the current year.

The accompanying notes on page 14 to 26 form an integral part of the financial statements.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

BALANCE SHEET
As at 31 December 2016

	Note	2016 £'000	2015 £'000
Assets			
Non-current assets			
Loans and advances to customers	7	203,262	214,544
Total non-current assets		<u>203,262</u>	<u>214,544</u>
Current Assets			
Cash and cash equivalents	9	44,678	21,536
Other receivables	8	1	1
Total current assets		<u>44,679</u>	<u>21,537</u>
Total assets		<u>247,941</u>	<u>236,081</u>
Liabilities			
Non-current liabilities			
Debt securities in issue	10	<u>237,272</u>	<u>234,828</u>
Total non-current liabilities		<u>237,272</u>	<u>234,828</u>
Current Liabilities			
Current tax liabilities	6	1	1
Other payables	11	<u>117</u>	<u>99</u>
Total current liabilities		<u>118</u>	<u>100</u>
Total liabilities		<u>237,390</u>	<u>234,928</u>
Equity			
Share capital	12	-	-
Retained profits		<u>10,551</u>	<u>1,153</u>
Total equity		<u>10,551</u>	<u>1,153</u>
Total equity and liabilities		<u>247,941</u>	<u>236,081</u>

The accompanying notes on page 14 to 26 form an integral part of the financial statements.

The Directors approved the financial statements on 29 June 2017 and were signed on its behalf by:



.....
Helena Whitaker
Per pro Intertrust Directors I Limited
As Director

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share Capital £'000	Retained Profits £'000	Total Equity £'000
Balance at 17 September 2014 (Incorporation)	-	-	-
Issued shares during the period	-	-	-
Profit after tax for the period	-	1,153	1,153
Balance at 31 December 2015	-	1,153	1,153
Profit after tax for the year	-	9,398	9,398
Balance at 31 December 2016	<u>-</u>	<u>10,551</u>	<u>10,551</u>

The accompanying notes on page 14 to 26 form an integral part of the financial statements.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

CASH FLOW STATEMENT

For the year ended 31 December 2016

		2016	Period ended
		£'000	31 December 2015
	Notes		£'000
Cash flows from operating activities			
Administrative expenses paid		(807)	(590)
Advances to customers		(79)	(8)
New Lending/Ported Loans		(249)	-
Customer repayments		24,748	22,089
Tax paid		(1)	-
Net cash generated from operating activities		<u>23,612</u>	<u>21,491</u>
Cash flows from investing activities			
Bank interest received		<u>157</u>	<u>45</u>
Net cash generated from investing activities		<u>157</u>	<u>45</u>
Cash flows from financing activities			
Interest paid on subordinated liabilities		<u>(627)</u>	<u>-</u>
Net cash used in financing activities		<u>(627)</u>	<u>-</u>
Net increase in cash and cash equivalents		23,142	21,536
Cash and cash equivalents at 1 January		<u>21,536</u>	<u>-</u>
Cash and cash equivalents at end of the year/period	9, 13	<u><u>44,678</u></u>	<u><u>21,536</u></u>

The cashflow statement is presented using the direct method to improve the transparency of the financial statements.

The accompanying notes on page 14 to 26 form an integral part of the financial statements.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. SIGNIFICANT ACCOUNTING POLICIES

Thistle Investments (ERM) Limited (the "Company") is a private limited company domiciled in England and incorporated in England and Wales.

The principal accounting policies applied in presentation of these financial statements are set out below. All accounting policies have been consistently applied in the financial statements.

(a) Statement of compliance

The financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRS IC) as adopted by the European Union.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently for each of the periods presented, unless otherwise stated.

The preparation of the financial statements necessarily requires the exercise of judgment both in the application of accounting policies which are set out in the sections below and in the selection of assumptions used in the calculation of estimates. These estimates and judgments are reviewed on an on-going basis and are continually evaluated based on historical experience and other factors. Actual results may differ from these estimates.

The financial statements have been prepared using the going concern basis. The Directors have reviewed the expected future cashflows and believe they are adequate to meet the anticipated payments due in accordance with the Transaction Documentation. The Directors believe that the Company has additional safeguards in place to cover any unexpected issues which may arise including the ability to defer payment in certain circumstances.

The following pronouncement was effective during the year and relevant to the Company:

<u>Pronouncement</u>	<u>Nature of change</u>	<u>IASB effective date</u>
Amendments to IAS 1, 'Presentation of financial statements', on the disclosure initiative	The amendments provide clarification of existing IAS 1 requirements on materiality and the presentation of the financial statements and associated notes.	Annual periods beginning on or after 1 January 2016
Annual improvements to IFRSs (issued December 2013)	The amendments include changes from the cycle of the annual improvements projects.	2010-12 On or after 1 January 2016
Annual improvements to IFRSs (issued September 2014)	The amendments include changes from the cycle of the annual improvements projects.	2012-14 On or after 1 January 2016

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Statement of compliance (Continued)

The following pronouncements will be relevant to the Company but were not effective as at 31 December 2016:

<u>Pronouncement</u>	<u>Nature of change</u>	<u>IASB effective date</u>
Amendment to IAS 1, 'Disclosure Initiative' (issued January 2016)	The amendments provide clarification of existing IAS 1 requirements on materiality and the presentation of the financial statements and associated notes. The Company is currently assessing the impact of IAS 1	Annual periods beginning on or after 1 January 2017
IFRS 9 'Financial instruments'	IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. These changes are not expected to have a significant impact on the Company however it is expected that the basis of preparation will change to fair value. IFRS 9 also replaces the existing 'incurred loss' impairment approach with an expected credit loss approach. This change in approach is not expected to have a significant impact on the Company. The hedge accounting requirements of IFRS 9 are more closely aligned with risk management practices and follow a more principle-based approach than IAS 39. The revised requirements are not expected to have a significant impact on the Company.	Annual periods beginning on or after 1 January 2018

(b) Revenue recognition

Interest income and expense has been calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the future cashflows are estimated after considering all the contractual terms of the instrument but not future credit losses and where necessary forecasted cashflows.

(c) Accrued interest

Accrued interest receivable has been incorporated within the Loans and Advances to customers, while interest payable has been included under notes payable.

(d) Taxation

Current tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

The Company's tax charge is based on the permanent tax regime for securitisation companies. Tax is assessed on the cash retained as profit in the Company.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments

The Company's financial instruments comprise cash and cash equivalents, loans and advances to customers, Notes issued, and other receivables and payables that arise directly from its operations. These financial instruments are classified in accordance with the principles of IAS 39 as described below.

(f)(i) Cash and cash equivalents

The Company holds transaction bank accounts with Bank of Scotland plc in its capacity as the account bank provider in accordance with the Transaction Documentation. These accounts are held in the Company's name and meet the definition of cash and cash equivalents. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and non-mandatory balances with central banks and amounts due from banks with a maturity of less than three months. As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash.

(f)(ii) Debt securities in issue

Debt securities in issue are recognised initially at fair value less directly related incremental transaction costs. Subsequent to initial recognition, debt securities in issue are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

(f)(iii) Loans and advances to customers

Loans and advances to customers are accounted for at fair value on acquisition and subsequently measured at amortised cost using the effective interest rate method, less provisions for impairment plus unamortised premium from the purchase of the loans and advances.

(f)(iv) Impairment of financial assets

Where there is no objective evidence of individual impairment, the financial asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Segmentation takes into account such factors as the type of asset, geographic location, collateral type, past due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets as they are indicative of the borrower's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Future cash flows are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period which do not exist currently. The methodology and assumptions for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

If, in a subsequent period, the amount of the impairment loss decreases and this can be related objectively to an event occurring after the impairment was recognised, such as an improvement in the borrower's credit rating, the allowance is adjusted and the amount of the reversal is recognised in the statement of comprehensive income.

When a loan or advance is uncollectable, it is written-off against the related allowance once all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written-off decrease the amount of impairment losses recorded in the statement of comprehensive income.

(g) Insurance

The company has insurance contracts which are accounted for under IFRS4 *Insurance Contracts*, which permits (with certain exceptions) the continuation of accounting practices for measuring insurance and participating investment contracts that applied prior to adoption of IFRS. The Company, therefore, continues to account for these contracts using UKGAAP, including FRS 27 Life Assurance, and UK established practice.

The insurance contract is a No-negative-equity guarantee ("NNEG") which is embedded in the underlying mortgage portfolio, and as such no separate disclosure has been made in the income statement or balance sheet.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or a service within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Directors of the Company consider that the entity has only one geographical and one business segment and therefore is not required to produce additional segmental disclosure.

(i) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are paid.

(j) Issue costs

Directly attributable issue costs in respect of the Notes have been deferred and are being charged to the Statement of Comprehensive Income over a period equal to the expected life of the Notes.

(k) Critical accounting estimates and judgements

The preparation of the financial statements necessarily requires the exercise of judgement both in the application of accounting policies and in the selection of assumptions used in the calculation of accounting estimates. These judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors. The most significantly affected components of the financial statements and associated critical judgements are as follows:

Impairment

The loan servicer regularly reviews the loan portfolio to assess for impairments subsequent to the Company acquiring the portfolio. In determining whether an impairment has occurred at the balance sheet date the Company considers whether there is any observable data indicating that there has been a measurable decrease in the estimated future cash flows or their timings. Such observable data includes information as to whether there has been an adverse change in the payment status of borrowers or changes in economic conditions that correlate with defaults on loan repayment obligations. Where impairment has been identified as occurring after the date of initial recognition, it is recognised via a charge to the income statement of the Company, calculated as the difference between the carrying value of the loan and the present value of the estimated future cash flows discounted at the loan's original effective interest rate.

Where there is an improvement in the expected cash flows of the assets, the Company will adjust the carrying amount of the financial assets by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate, and recognise any difference as a gain within the income statement where there is a firm expectation that there has been an increase in expected cash flows and the provision will not be required.

If a portion of a loan is uncollectable the shortfall is written off under the No-Negative-Equity Guarantee and the debt is derecognised.

During 2016 write offs under the No-negative-equity-guarantee amounted to £40,422 (2015 : £nil).

Effective interest rate method

In calculating the effective interest rate of financial instruments the Company takes into account interest received or paid, fees and commissions paid or received, expected early redemptions and related penalties and premiums and discounts on acquisition or issue that are integral to the yield as well as incremental transaction costs.

The effective yield has been calculated based on the expected life of the Notes issued by the Company.

Notes in issue

The Class B Notes are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. These instruments have been subsequently stated at the present value of the future expected cashflows based on actuarial assumptions discounted using the original effective interest rate.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value calculations

Fair value is defined as the value at which assets, liabilities or positions could be closed out or sold in a transaction with a willing and knowledgeable counterparty. Fair value is based upon cashflow models which use, wherever possible, independently sourced market parameters such as interest yield curves and currency rates. Other factors are also considered, such as counterparty credit quality and liquidity.

No-negative-equity guarantee (NNEG)

The Equity Release Mortgage contracts contain a No-negative-equity guarantee ("NNEG"), which is deemed as containing insurance risk. The entity has reported the whole mortgage contracts at amortised cost in the balance sheet in line with IAS 39. However, the mortgages are subject to a liability adequacy test in accordance with IFRS 4. Where the value of the NNEG component is assessed as being insufficiently incorporated within the carrying value of the mortgages, an additional provision is recognised.

At the reporting date, the carrying value of the mortgages was considered to sufficiently incorporate the value as determined by a time dependent Black-Scholes model of the NNEG liability and therefore no additional provision was recognised.

2. INTEREST AND SIMILAR INCOME

	2016 £'000	Period ended 31 December 2015 £'000
Interest income on loans and advances to customers	13,114	10,570
Bank interest income	<u>156</u>	<u>45</u>
	<u>13,270</u>	<u>10,615</u>

Interest income on loans and advances to customers includes the amortisation of premium related to the additional consideration paid for the mortgage portfolio from Scottish Widows Bank. This is amortised over the life of the Notes with an adjustment for early redemptions.

3. INTEREST AND SIMILAR EXPENSE

	2016 £'000	Period ended 31 December 2015 £'000
Interest expense on Notes	<u>3,071</u>	<u>8,828</u>
	<u>3,071</u>	<u>8,828</u>

4. OPERATING INCOME

	2016 £'000	Period ended 31 December 2015 £'000
Redemption fees	<u>65</u>	<u>45</u>
	<u>65</u>	<u>45</u>

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

5. OPERATING EXPENSES

	2016 £'000	Period ended 31 December 2015 £'000
Administrative charges	(805)	(658)
Audit Fee	(20)	(20)
	<u>(825)</u>	<u>(678)</u>

Audit fees relate to the statutory audit of the Company. There are no fees payable to the auditors and their associates for services other than the statutory audit.

6. TAXATION

	2016 £'000	Period ended 31 December 2015 £'000
Corporation tax		
Current period	<u>1</u>	<u>1</u>
Factors affecting the tax charge for the period		
Profit before tax:		
Continuing operations	9,398	1,154
Tax at the UK corporation tax rate of 20%	1,880	234
Effects of:		
Items not allowable under permanent tax regime for securitisation companies	<u>(1,879)</u>	<u>(233)</u>
Total tax expense in the Statement of Comprehensive Income	1	1

Secondary tax legislation, enacted in November 2006 under powers conferred by the Finance Act 2005, ensures that for companies that meet the definition of a 'securitisation Company' for accounting periods commencing on or after 1 January 2007, corporation tax will be calculated by reference to the retained profit of the securitisation Company required to be retained under the agreement that governs the Company.

The Directors are satisfied that the Company meets the definition of a 'securitisation Company' as defined by both the Finance Act 2005 and relevant subsequent secondary legislation and that no incremental unfunded tax liabilities arose.

The Finance Act 2013 was substantively enacted on 2 July 2013. The Act further reduced the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The Finance (No. 2) Act 2015 (the Act) was substantively enacted on 26 October 2015. The Act reduced the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. On 16 March 2016, the Government announced that the corporation tax rate applicable from 1 April 2020 would be 17%.

7. LOANS AND ADVANCES TO CUSTOMERS

	2016 £'000	2015 £'000
Loans to individuals:		
Mortgages	<u>203,262</u>	<u>214,544</u>
Gross loans and advances	<u>203,262</u>	<u>214,544</u>

At 31 December 2016, 100% of loans to customers are residential mortgages secured on property in the UK.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

7. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Allowance for impairment losses on loans and advances to customers

	2016 £'000	2015 £'000
At 1 January	-	-
Loans written off during the year	(40)	-
Charge to the income statement	40	-
At 31 December 2016	-	-

8. OTHER RECEIVABLES

	2016 £'000	2015 £'000
Customer repayments	1	1
	<u>1</u>	<u>1</u>

9. CASH AND CASH EQUIVALENTS

	2016 £'000	2015 £'000
Cash and balances with banks	44,678	21,536
	<u>44,678</u>	<u>21,536</u>

10. DEBT SECURITIES IN ISSUE

	31 December 2016		
	Class A Notes £'000	Class B Notes £'000	Total £'000
Opening Balance	213,786	21,042	234,828
A Note Repayment	(627)	-	(627)
Interest accrual	8,817	-	8,817
Carrying value adjustment	-	(5,746)	(5,746)
Closing Balance	221,976	15,296	237,272

	Class A Notes £'000	Class B Notes £'000	Total £'000
Non-current liabilities	208,281	15,296	223,577
Current liabilities	13,695	-	13,695
Closing Balance	221,976	15,296	237,272

	31 December 2015		
	Class A Notes £'000	Class B Notes £'000	Total £'000
Issuance	207,200	18,800	226,000
Interest accrual	6,586	-	6,586
Carrying value adjustment	-	2,242	2,242
Closing Balance	213,786	21,042	234,828

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

10. DEBT SECURITIES IN ISSUE (Continued)

	Class A Notes	Class B Notes	Total
	£'000	£'000	£'000
Non-current liabilities	213,159	21,042	234,201
Current liabilities	627	-	627
Closing Balance	<u>213,786</u>	<u>21,042</u>	<u>234,828</u>

Debt securities in issue at 31 December 2016 comprise the Notes issued by the Company in connection with the securitisation of loans originated within Scottish Widows Bank plc. For more information about the Company's exposure to risk, see note 13.

These Notes are asset backed fixed rate Notes issued by the Company to purchase the loans. The Class A Notes are due for repayment by March 2036 and Class B Notes are due in 2070.

The Notes constitute direct, secured, limited recourse obligations of the Issuer. The Class A Notes rank ahead of the Class B Notes in accordance with the priority of payments in the Transaction Documentation.

The Notes will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Company.

Interest is payable on the Notes on each interest payment date and in accordance with the priority of payments set out in the Transaction Documentation.

The Company's obligations to the Noteholder and to other secured creditors are secured under the terms of the deed of charge issued by the Company which grants security over all of its assets in favour of the security trustee.

11. OTHER PAYABLES

	2016 £'000	2015 £'000
Accruals and deferred income	77	79
Audit fee	<u>40</u>	<u>20</u>
	<u>117</u>	<u>99</u>

12. SHARE CAPITAL

	2016 £	2015 £
Called up and Paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

12. SHARE CAPITAL

The entire issued share capital of an ordinary share of £1 each is held by Intertrust Corporate Services Limited (previously known as SFM Corporate Services Limited, name changed on 9 December 2016), a company incorporated in the United Kingdom and registered in England and Wales, which holds the share capital of the Company on a discretionary trust basis for the benefit of certain discretionary charitable purposes under a Share Trust Deed.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

13. MANAGEMENT OF RISK

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. However considerable resource is given to maintaining effective controls to manage, measure and mitigate each of these risks. Further detailed analysis of the risks facing the Company in relation to its financial instruments is provided below.

The Directors do not consider there is a capital risk management as adequate solvency and capital levels are maintained.

The Company's exposure to risk on its financial instruments and the management of such risk is largely determined at the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined and documented within the Transaction Documentation. Cashflow modelling, including multiple stress scenarios, was carried out as part of the structuring of the transaction to ensure that the Class A Notes can meet its repayments.

13(a) Credit Risk

The Company's credit risk exposure arises in the UK and is GBP denominated.

The maximum credit risk exposure of the Company in the event of other parties failing to perform their obligations are detailed below. No account is taken of any collateral held and the maximum exposure to loss is considered to be the Statement of Financial Position carrying amount. The mortgages have a No-negative-equity guarantee (NNEG).

Certain loans within the portfolio had suffered credit losses prior to acquisition by the Company. These were incorporated within the expected cash flows of the amortised cost reporting of the loans and advances.

In 2016 there were three write offs approved by the SWB Credit Control Committee totalling £40,422. The Borrowers were deceased and the properties were sold on the open market for less than the outstanding loan. Under the NNEG, the shortfall was written off and the debt derecognised.

The tables below summarise the Company's exposure to credit risk.

Loans and advances are summarised as follows:

	2016 £'000	2015 £'000
Neither past due nor impaired	199,976	210,771
Impaired – No provision required	684	610
Impaired – Provision held	<u>2,602</u>	<u>3,163</u>
Gross and Net Position*	203,262	214,544

Impaired lending is any lending 3 or more months in arrears or lending which has a provision against it. Impaired loans against which no provision is required reflects accounts where the present value of estimated future cash flows is sufficient to cover the outstanding debt.

Loans and advances neither past due nor impaired

Loans and advances to customers

	2016 £'000	2015 £'000
Mortgages	199,976	210,771
Good quality	<u>199,976</u>	<u>210,771</u>

Classifications of lending incorporate expected recovery levels for mortgages, as well as probabilities of default assessed using internal rating models. Good quality lending includes the lower assessed default probabilities and all loans with low expected losses in the event of default, with other categories reflecting progressively higher risks and lower expected recoveries.

* Gross = Net as day 1 provision of £1.9m is included in the carrying value of unamortised premium on purchase.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

13. MANAGEMENT OF RISK (CONTINUED)

13(a) Credit Risk (Continued)

Loans and advances individually impaired

Individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held are £3,285,504 (2015:£3,772,857).

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Company as security, are as follows:

Loans and advances to customers

Mortgages	2016 £'000	2015 £'000
Assessed on an individual basis	<u>3,286</u>	<u>3,773</u>
Fair value of collateral held	<u>4,753</u>	<u>5,330</u>

Fair value of collateral is assessed on an individual basis and represents the lower of outstanding customer indebtedness or the estimated market value of residential property held as security. The market value of residential property is estimated using house price indices, or individual valuations where appropriate.

Credit risk on all non-loan assets:

The current rating of Bank of Scotland plc is A1 as per Moody's. None of the assets are past-due or impaired.

	2016 £'000	2015 £'000
Other receivables	1	1
Cash and cash equivalents	<u>44,678</u>	<u>21,536</u>
	<u>44,679</u>	<u>21,537</u>

13(b) Interest Rate Risk

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times.

The loans and advances to customers, the notes and the cash and cash equivalents are not exposed to cashflow interest rate risk as the mortgages are a lifetime fixed product.

13(c) Liquidity Risk

The Company's ability to meet payments on the Notes as they fall due is dependent on the timely receipt of funds from repayment on the underlying loan portfolio.

If insufficient funds are received to repay the Notes, then the Notes may not be paid in full and a part of the Notes may be deferred to subsequent periods. Such deferred amounts will be due but not payable until funds are available in accordance with the relevant priority of payments as set out in the Transaction Documentation. Variations in the rate of prepayment of principal on the loans may affect each series and class of Notes differently. Additionally, a liquidity facility is provided by SW Funding plc, as Liquidity Facility provider, to cover shortfalls arising from short term timing differences.

The liquidity tables reflect the undiscounted cash payments which will fall due if the structure continues until the expected final repayment date as defined in the Transaction Documentation (unless it is known that a Note will be repaid prior to this date when the earlier date will be used). The final legal maturity date of the Notes is March 2036 and March 2070 for Note A and B respectively.

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

13. MANAGEMENT OF RISK (CONTINUED)

13(c) Liquidity Risk (Continued)

As at 31 December 2016	Carrying Value	Contractual repayment Value	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Principal							
Debt securities in issue	237,272	215,119	-	8,915	-	23,123	183,082
Other payables	117	117	67	10	40	-	-
Interest payable							
Interest payable on debt securities in issue	-	110,063	-	8,873	-	32,703	68,486
Total	237,389	325,299	67	17,798	40	55,826	251,568

As at 31 December 2015	Carrying Value	Contractual repayment Value	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Principal							
Debt securities in issue	234,828	207,200	-	-	-	17,506	189,694
Other payables	99	99	68	31	-	-	-
Interest payable							
Interest payable on debt securities in issue	-	110,690	-	627	-	33,753	76,310
Total	234,927	317,989	68	658	-	51,259	266,004

13(d) Fair values

The Company's financial statements have been prepared under the historical cost convention.

The following table summarises the carrying amounts and fair values of financial assets and liabilities held at amortised cost.

As at 31 December 2016

	Carrying value £'000	Fair value £'000
Financial Assets		
Loans and advances to customers	203,262	208,924
Financial Liabilities		
Debt securities in issue	237,272	249,844

As at 31 December 2015

	Carrying value £'000	Fair value £'000
Financial Assets		
Loans and advances to customers	214,544	224,734
Financial Liabilities		
Debt securities in issue	234,828	242,900

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

13. MANAGEMENT OF RISK (CONTINUED)

13(d) Fair values (Continued)

Fair values are estimated based on expected future cash flows, discounted at current market rates.

The company's policy is to classify the financial instruments into three levels that reflect the significance of the inputs used in the fair value measurements in accordance with IFRS 13:

Level 1 portfolios

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 predominantly comprise treasury bill and other government securities.

Level 2 portfolios

Level 2 valuations are those where quoted market prices are not available, for example where the instrument is traded in a market that is not considered to be active, or where valuation techniques that use inputs based significantly on observable market data are used to determine fair value.

Level 3 portfolios

Level 3 portfolios are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments could include venture capital and unlisted equity investments which are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions including earnings multiples and estimated future cash flows.

The fair values disclosed above for financial assets held at amortised cost have been categorised as Level 3 and those for financial liabilities held at amortised cost as Level 3

13(e) Offsetting

The Company has no financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

14. RELATED PARTY TRANSACTIONS

The Company pays a corporate services fee to Intertrust Management Limited (previously known as Structured Finance Management Limited, name changed on 9 December 2016) for the provision of corporate administration services, which includes the provision of Directors. Intertrust Management Limited was paid £13,189 for services provided during the year.

During the year, the Company undertook the transactions set out below with companies within Lloyds Banking Group plc.

	LBG and Subsidiary Undertakings 2016 £'000	LBG and Subsidiary Undertakings 2015 £'000
Interest receivable and similar income		
Bank interest received	156	45
Interest payable and similar charges		
Interest expense – Noteholder	3,071	8,828
Administration expenses	787	639
Assets		
Cash and cash equivalents	44,678	21,536
Liabilities		
Debt securities in issue	237,272	234,828
Other payables	67	68

THISTLE INVESTMENTS (ERM) LIMITED
Company Number 09223079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

15. PARENT UNDERTAKING AND CONTROLLING PARTY

The entire issued share capital of Thistle Investments (ERM) Limited is held by Intertrust Corporate Services Limited (previously known as SFM Corporate Services Limited, name changed on 9 December 2016), a company registered in England and Wales, which holds the entire issued share capital of the Company on a discretionary trust basis for the benefit of certain discretionary charitable purposes under a Share Trust Deed.

The Company meets the definition of a special purpose entity under IFRSs. In accordance with the requirements of IFRS 10 "Consolidated Financial Statements", the Company's financial statements are consolidated within the group financial statements of Lloyds Banking Group plc ("LBG") for the year ended 31 December 2016.

The Directors consider that the Company's ultimate controlling party is LBG which is registered in Scotland. LBG has produced consolidated financial statements for the year 31 December 2016 which include the financial statements of the Company. Copies of the annual report and financial statements of LBG may be obtained from the LBG registered office at The Mound, Edinburgh, EH1 1YZ.

16. EVENTS AFTER BALANCE SHEET DATE

There are no events after the Balance Sheet that the Directors are aware of and require to bring to the attention of the users of the Financial Statements.